



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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Michael O. Leavitt
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Executive Director

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m/003/050

FACSIMILE COVER SHEET

DATE: Feb 21, 2003

NUMBER OF PAGES INCLUDING THIS COVER SHEET: 3

TO:

Barry Peterson
Speed Star Stone Inc.
PO Box 62
Oakley Id 83346

FAX NUMBER: 1-208-862-3807

FROM:

D Wayne Hedberg

Minerals Reclamation and Development Program

PHONE: (801) 538-5291

FAX: (801) 359-3940

SUBJECT:

Status of Tentative Approval Letter - dated
2/21/03. Lone Pine Quarry - m/003/050

REMARKS:

original letter and enclosures forthcoming
via regular Certified mail.

Should you encounter any problems with this copy or do not receive all the pages, please call.

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TRANSACTION REPORT

P.01

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FOR: OIL, GAS & MINING

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February 21, 2003

CERTIFIED RETURN RECEIPT
7099 3400 0016 8896 2697

Barry Peterson
Gold Star Stone, Inc
P.O. Box 62
Oakley, Idaho 83346

Re: Status of Tentative Approval to Commence Large Mining Operations, Gold Star Stone, Lone Pine Quarry, M/003/050, Box Elder County, Utah

Dear Mr. Peterson:

Thank you for coming in to meet with Lynn Kunzler of my staff on February 17, 2003, to discuss the status of your recent reclamation activities and future mine plans for the Lone Pine Quarry. We are anxious to finalize the permitting process for your large mine permit application. Tentative approval for this operation was granted on February 21, 2002. Due to concerns raised during the public comment period, the application was subsequently revised on May 6, 2002.

On July 19, 2002, a phone conference was held between Bruce Mitchell and Division staff. The principle topic discussed was the required \$77,300.00 reclamation surety and the reclamation contract that had not been filed with the Division. This was the final requirement that would allow us to grant final approval of the permit application. During the phone call, Mr. Mitchell stated the company was experiencing financial difficulties, and that there was a lack of marketable stone in the east quarry area. Mr. Mitchell proposed revising the mine plan to reduce the size of the proposed disturbed area by reclaiming the east and north quarry areas, and restricting activities to the south quarry area. The Division agreed to consider this proposal. Gold Star Stone would post a minimal surety of \$10,000.00 dollars, which would allow operations to continue in the south pit area for the 2002 season. The Division agreed to inspect the site to determine what needed to be done to reclaim the north and east quarry areas. This inspection was performed on August 6, 2002, with reclamation to be completed by the end of the season.

Bruce Mitchell subsequently left the company. Due to time constraints, weather factors, and other circumstances beyond your control, all of the required reclamation was not completed by year's end. The Division agreed to meet with you after the first of the year to review what reclamation had

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Barry Peterson
M/003/050
February 21, 2003

been completed and to revise the mine plan and reclamation surety amount accordingly, so that final approval could be granted.

Current plans for the Lone Pine Quarry are to complete the remaining reclamation activities in the spring when weather conditions permit. Of the 22.5 acres identified in the mine plan, about seven acres have not been disturbed, and are no longer being considered for mining activity. Reclamation work was either completed or determined to not be necessary (during the August 6, 2002 inspection) on an additional six acres. This leaves approximately 9.5 acres of active disturbance at the quarry.

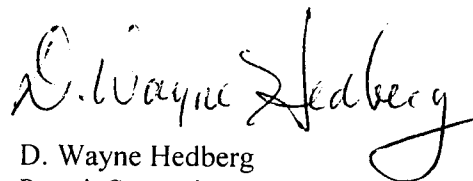
It was agreed that an additional \$22,500.00 (for a total of \$32,500.00) surety would be posted by March 17, 2003. This surety amount is based on the cost per acre of the original surety estimate (\$3,436.00) times the 9.5 acres of current active area. Along with the surety (currently in the form a Certificate of Deposit), a reclamation contract will also be completed (forms for the CD and Reclamation Contract are enclosed). Please provide a draft copy (can be faxed) before these documents are finalized, so that the Division can review them for completeness and accuracy.

The operator will also provide by March 17, 2003, a narrative and an amended permit map that identifies the areas that have been reclaimed, the areas that will be reclaimed this spring, and the area where mining related activities will be conducted. Once these items are submitted and determined complete, the Division will be prepared to issue final permit approval for this mine.

We also discussed, that after reclamation work on approximately five additional acres is completed this spring, the operator may seek partial surety release and request a Division inspection to evaluate the work. If determined acceptable, the Division may authorize a reduction in the surety amount for the costs of regrading and soil replacement.

Thank you for your cooperation and patience in completing this permitting process. If you have any questions regarding this letter, please contact me at (801) 538-5286, or Lynn Kunzler at 538-5310.

Sincerely,



D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
Enclosure : Reclamation Contract (Form MR-RC)
Certificate of Deposit (Form CD)
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